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SUBJECT: SIGNAL PIRACY AND COMPETITION PROBLEMS IN VIETNAM'S TELECOM  
SECTOR

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REF: A) State 140757 B) Hanoi 827 C) Hanoi 1451 D) Hanoi 2312

¶1. (SBU) Summary: Econ/C met with Director General (DG) Quan Dzuy Ngan Ha of the Ministry of Posts and Telematics (MPT) to deliver a strong message on USG concerns over signal piracy. DG Ha replied that MPT has urged the state-owned broadcaster, VTC, to discontinue its re-broadcasting of pirated satellite signals. Ms. Ha said the MPT also advised VTC to conclude legal licensing agreements with all foreign content providers as soon as possible. MPT will participate with U.S. industry representatives in a seminar in December to discuss ways to construct a viable business model in the pay-TV industry in Vietnam. Ms. Ha also discussed MPT's efforts to address competition issues, including intervening in an interconnectivity dispute between VTC and a new competitor, EVN. End Summary.

MPT's Response on Signal Piracy  
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¶2. (SBU) Econ/C met with the Director General of the International Cooperation Department of the Ministry of Posts and Telematics (MPT), Ms. Quan Dzuy Ngan Ha, on September 7 to deliver a strong message on USG concerns over signal piracy in Vietnam. He noted particular concern about the unauthorized practices of state-owned Vietnam Television Technology Investment and Development Company (VTC) which broadcasts pirated content through its digital terrestrial network.

¶3. (SBU) In response, Ms. Ha said that under a directive from the Government of Vietnam (GVN), MPT has ordered VTC to report on its activities and licensing agreements. MPT has also urged VTC to negotiate legitimate licensing agreements for its broadcast content. According to Ms. Ha, MPT will make a report to the GVN based on VTC's submission, but she did not say when the report would be ready. She added that VTC informed the MPT that it is currently in discussions with foreign content providers in order to resolve licensing issues. (Note: A private sector contact familiar with similar discussions earlier this year characterized VTC's efforts as "going through the motions." End note.)

¶4. (SBU) Ms. Ha said that VTC claims the growing number of contracted distributors for foreign broadcast content (Q-Net, NACENCOM, BHD and others) operating in Vietnam has made it difficult to "know which are the legal representatives" of U.S. and foreign firms. In response, Econ/C suggested that VTC discuss this issue directly with the Cable and Satellite Broadcasting Association of Asia (CASBAA) and foreign content providers, and offered the Embassy's assistance in facilitating these connections.

¶5. (SBU) In addition, Ms. Ha indicated the Ministry of Culture and Information (MOCI), the Ministry of Science and Technology (MOST) and MPT are currently drafting guiding documents to implement the

recently-passed Intellectual Property Rights Law. She said these guiding documents will help ensure greater accountability and strengthen enforcement against violations of broadcast and television copyrights.

¶6. (SBU) Regulatory responsibility for the television and cable broadcasting sector in Vietnam is divided between MPT (transmission and infrastructure) and MOCI (content management.) Ms. Ha noted that rapidly developing technology has made this delineation more ambiguous. Therefore, she said, MPT and MOCI are drafting a circular more clearly outlining each ministry's regulatory responsibility.

¶7. (SBU) Econ/C underscored that the Embassy, CASBAA and industry representatives want to continue to work with the GVN to strengthen copyright protection. Vietnam must do more to address illicit cable and broadcast activities. Ms. Ha acknowledged the importance of these issues. She responded that in an effort to address them, MPT has been coordinating with CASBAA and MOCI to host a seminar on December 14 to discuss ways to construct a viable business model in the pay-TV industry.

#### Competition Problems in the Telecom Sector

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¶8. (SBU) Econ/C also raised questions over the state of competition within the telecom sector. For example, the press has reported extensively on an interconnectivity dispute between the former telecom monopoly VNPT and its rapidly growing competitor EVN. Since the introduction of competition in the telecom sector, competing companies, such as EVN, have often accused VNPT of using its dominant position as the former monopoly to limit access to the national telecom infrastructure.

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¶9. (SBU) In responding, Ms. Ha referred to the MPT's action in July in its role as regulator when it ordered the two firms to resolve their long-running interconnectivity dispute by August 1. She said that since the MPT issued its order, neither firm has raised additional complaints. MPT therefore considers the dispute resolved. As for related press reports that EVN's recent application to expand its service area was rejected by MPT, Ha explained that EVN was operating in violation of its license. She asserted that the MPT denied EVN's latest application on the basis of continued noncompliance with the MPT's technical requirements.

¶10. (SBU) Comment: The Director General's words were mostly positive in tone, but MPT's deeds to date have not been sufficient. Resolving the issue of signal piracy is a major objective for this Mission. We will continue to press the GVN to protect the rights of all affected U.S. stakeholders. We will also continue to encourage the GVN to improve competition in the telecommunications sector, which will help Vietnam's economic development. As Vietnam prepares for entry into the WTO, and begins to implement commitments providing more opportunities for U.S. firms, MPT will have to do more to ensure a level playing field for competitors. How Vietnam deals with the concerns of private Vietnamese companies, e.g., EVN, is an indicator of how it might treat foreign companies. End comment.

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